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MINISTRY OF COMMERCE & INDUSTRY

RESOLUTION

TARIFFS

New Delhi, the 2nd February, 1955

No. 78(1)TB/54.—The Tariff Commission have submitted their report on the first part of their enquiry relating to the Dyestuff Industry after an enquiry undertaken under Section 11 of the Tariff Commission Act, 1951. The scope of the present enquiry is confined to the following manufactures of dyes:

(A) (i) Acid Azo Dyes. (ii) Direct Azo Dyes. (iii) Sulphur Black.	Classifiable under Tariff item 30(13).
(B) (i) Azoic Dyes, the following namely— Fast Colour Salts, Rapid Fast Dyes and Rapidogen Dyes; and (ii) Solubilised Vat Dyes.	Classifiable under Tariff item 30(1).

2. The Commission have observed that the existing Import Trade Control has been of value to this industry and have urged that so long as such control has to be maintained on balance of payments consideration, the import of dyes should continue to be regulated

and that the demands of only such dyes as cannot be met by indigenous production should be allowed to be imported. In addition, they have made the following recommendations:—

- (1) Protection to the dyestuff industry should be granted for a period of ten years, i.e., up to the 31st December, 1964, subject to periodical reviews by the Tariff Commission of the working of protection and the quantum of protection.
- (2) The duty on acid azo dyes, direct azo dyes and sulphur black, which are included in the Indian Customs Tariff Item No. 30(13) should be increased to the maximum rate, *viz.*, 20 per cent. *ad valorem*, permissible under the provisions of the General Agreement on Tariffs and Trade, and converted into a protective duty. Since dyes constitute an essential material for important industries like the textile and paper industries and it is not desirable that the burden on these industries should be increased more than what is necessary to afford protection to the indigenous dyestuff industry, the higher rate of duty recommended above should apply only to dyes mentioned above and not to all dyes at present assessed under item 30(13). A new item should, therefore, be introduced in the Indian Customs Tariff Schedule for acid azo dyes, direct azo dyes and sulphur black with a protective duty of 20 per cent. *ad valorem*.
- (3) The duty on Congo red, fast colour salts, rapid fast dyes, rapidogen dyes and solubilised vat dyes, included in Indian Customs Tariff Item No. 30(1), which is at present 12 per cent *ad valorem*, should be converted into a protective duty and a separate I.C.T. item should be introduced for these dyes.
- (4) Government should take steps to ensure that the tariff values for imported dyes are fixed on the basis of the highest strengths in which the dyes are imported. They should also arrange to record the strengths adopted for the purpose of fixing the tariff values and to study how far the tariff values approximate to the average c.i.f. prices for such strengths over a period. Pending this arrangement, the existing method of determining tariff values of dyes should continue.
- (5) The standard rate of duty on the following specific intermediates should be reduced to 10 per cent. *ad valorem*:
 - (a) Para Nitraniline.
 - (b) Amino Azo Benzene Hydrochloride.
 - (c) Sulphanilic Acid.
 - (d) Benzidine Di-hydrochloride.
 - (e) Sodium Naphthionate and Naphthionic Acid.
 - (f) Nevile and Winther's Acid.
 - (g) Rhoduline Acid.
 - (h) J Acid Urea.
 - (i) Para Amino Acetanilide.

- (j) Dinitro Chlorobenzene.
- (k) Meta Phenylene Diamine.
- (l) Gamma Acid.
- (m) Meta Toluylene Diamine.
- (n) Chicago Acid.
- (o) H. Acid.
- (p) G. Salt.
- (q) Laurent Acid.

This concession should remain in force until 31st December, 1955, when the position should be reviewed.

- (6) Government should take the necessary steps to secure complete freedom of action to impose customs duties which may be found necessary on dyes, intermediates and other articles, included in Indian Customs Tariff Item Nos. 30(1) and 30(13) when any new agreements are entered into with foreign countries on the expiry of the present General Agreement on Tariffs and Trade.
- (7) A fresh inquiry into the industry should be held by the Commission towards the end of 1955 and in the meanwhile the scheme of protection covered by recommendations (1) to (4) above should be put into force in addition to maintaining the existing restrictions on imports of dyes.

3. As regards recommendations (2) and (3) above, it is pointed out that Congo red falls to the category of direct azo dyes and consequently, recommendation (2) in regard to the levy of a protective duty of 20 per cent. *ad valorem* should apply to it—and not recommendation (3) relating to the levy of a protective duty of 12 per cent. *ad valorem*. Subject to this amendment, which has been concurred in by the Tariff Commission, Government accept recommendations (2) and (3) as also recommendations (1) and (5) above and steps will be taken to implement them. Government also accept recommendations (4) and (7) in principle and suitable steps will be taken to implement them as far as possible. As regards recommendation (6), the Commission have themselves recognised that in the interest of domestic industries consuming dyestuffs it is not desirable to raise duties on all dyes covered by I.C.T. No. 30(13) to 20 per cent. *ad valorem* though we have freedom to do so and have therefore recommended that the higher duty should be applicable to only such dyes as are being manufactured in the country. So long as we are not utilising the limited freedom which we possess even now, it is not necessary to request the GATT for complete freedom on the lines suggested in this recommendation. The question of seeking release will be considered when the domestic industry has developed to a stage where it will be in a position to meet the bulk of domestic requirements.

4. The Commission have also made the following ancillary recommendations:—

- (a) It is essential that the Coal-tar distillation industry should be established in the country so that it will meet fully the requirements of the dyestuff industry. Close coordination between the development of the dyestuff industry and the Coal-tar distillation industry would be necessary and Government should initiate an investigation to determine the lines on which such development should be planned and the measures required to encourage such planned development.
- (b) A plan for expanding the production of inorganic heavy chemicals as a necessary complement to a programme of manufacture of intermediates for the dyestuff industry should be formulated so that these chemicals are available to the indigenous dyestuff industry in sufficient quantities and at reasonable prices.
- (c) Atul Products Ltd. should draw up a revised programme on a long-term basis for the manufacture of dyes and intermediates on the lines indicated in paragraph 15(d) of the Report (i.e. incorporating detailed information on such points as the period required for implementing each phase of the programme, the scale of output, the prices and availability of raw materials, the extent of financial resources and technical assistance available, the probable cost of production of each item in relation to the current import cost, and specific assistance, if any, required from Government). Similar programmes should be drawn up by other units for the manufacture of dyes and intermediates proposed to be manufactured by them. When these detailed programmes are received from the various units they should be referred to a Committee of Government experts for examination in collaboration with the technical experts of the various units. The report of the Committee of experts and Government's decision thereon should be available to the Commission before the position of the dyestuff industry is reviewed towards the end of 1955.
- (d) Government should make the necessary arrangements for the selection of samples of indigenous dyes by an independent agency and for the testing of their quality by a well-equipped institution.
- (e) The Indian Standards Institution should, in consultation with the producers and importers of dyes, try to evolve standards of strength with reference to which the actual strength of indigenous or imported dyes can be determined.

(f) Arrangements should be made to maintain records of production and imports according to the following classification:—

I. *Azo dyes.*

- (a) Acid azo dyes.
- (b) Basic azo dyes.
- (c) Direct dyes other than Congo red.
- (d) Congo red.

II. *Azoic dyes and components.*

- (a) Naphthols.
- (b) Fast colour bases.
- (c) Fast colour salts.
- (d) Rapid fast dyes.
- (e) Rapidogen dyes.

III. *Vat dyes.*

- (a) Indigo.
- (b) Other vat dyes.

IV. *Solubilised vat dyes.*

V. *Sulphur Black.*

VI. *Sulphur dyes other than Sulphur Black.*

VII. *Acid dyes other than acid azo dyes.*

VIII. *Basic dyes other than basic azo dyes.*

IX. *Mordant dyes including Alizarine*

X. *Chrome dyes.*

XI. *Acetate Rayon dyes.*

VII. *Lakes, Pigments, toners and spirit soluble dyes.*

XIII. *Other dyes not specified above.*

(g) The manufacturers of dyes should set aside substantial amounts for research and employ adequate staff of trained research workers.

5. Government accept in principle the recommendations (a), (b), (c), (d), (e) and (f) in the preceding paragraph and suitable steps will be taken to implement them as far as possible.

6. Government invite the attention of the industry to recommendation (c) and wish to emphasise that the detailed programme of production drawn up by the individual units should be forwarded to the Chief Industrial Adviser, Ministry of Commerce and Industry (Development Wing), New Delhi, as early as possible, and in any case, by the 28th February 1955, at the latest. The attention of the industry is also drawn to recommendation (g).

NOTIFICATION

TARIFFS

New Delhi, the 2nd February, 1955

No. 78(1)-T.B./54.—In exercise of the powers conferred by sub-section (1) of section 3A of the Indian Tariff Act, 1934 (XXXII of 1934), as in force in India and as applied to the state of Pondicherry, the Central Government hereby directs that with immediate effect there shall be levied on the articles specified in column (1) of the Table hereto annexed when imported into India or into the state of Pondicherry the duty of Customs specified in the entry in column (2) thereof.

THE TABLE

Name of articles	Amount of customs duty [inclusive of the duty chargeable under sub-section (1) of section 2 of the Indian Tariff Act, 1934, and any additional duty leviable under any other law for the time being in force].
(1)	(2)
Dyes derived from Coal Tar, and Coal Tar derivatives used in any dyeing process, the following, namely :—	
Dyes belonging to the class of Rapid Fast Colours, Rapidogens and Rapi-dazols	12 per cent <i>ad valorem</i> .
Fast Colour Salts	12 per cent <i>ad valorem</i>
Solubilised Vats	12 per cent <i>ad valorem</i> .
Dyes derived from Coal Tar, the following, namely :—	
Acid Azo Dyes (including Acid Fast Red A)	20 per cent <i>ad valorem</i> .
Direct Azo Dyes (including Congo Red)	20 per cent <i>ad valorem</i> .
Sulphur Black	20 per cent <i>ad valorem</i> .

K. B. LALL, Jt. Secy.